

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION

Call to Order: By **Sen. Keith Bales**, on January 8, 2003 at 3 P.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. Keith Bales, Chairman (R)
Sen. Dale Mahlum, Vice Chairman (R)
Sen. Ken (Kim) Hansen (D)
Sen. Sam Kitzenberg (R)
Sen. Walter McNutt (R)
Sen. Linda Nelson (D)
Sen. Gerald Pease (D)
Sen. Corey Stapleton (R)
Sen. Mike Taylor (R)

Members Excused: Sen. Joseph (Joe) Tropila (D)

Members Absent: None.

Staff Present: Jennifer Stephens, Committee Secretary
Doug Sternberg, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 23, 12/5/2002; SB 27,
12/5/2002
Executive Action: SB 23; SB 27

HEARING ON SB 23

Sponsor: SEN. EDWARD BUTCHER, SD 47, WINIFRED

Proponents: Ralph Peck, Director, MT Dept. of Agriculture
Bob Stephens, MT Grain Growers
Pam Langley, MT Agribusiness Association
MT Grain Grower Association
Barbara Broberg, WIFE
Nancy Schlepp, MFBF

Opponents: None

Opening Statement by Sponsor:

SEN. EDWARD BUTCHER, SD 47, WINIFRED, submitted written testimony, **EXHIBIT**(ags03a01).

Proponents' Testimony:

Ralph Peck, Director, MT Dept. of Agriculture, began his testimony by making reference to a company named Ag Biotech. He explained that Ag Biotech bought up a lot of small seed companies across the western United States, then went bankrupt. This cost the state of Montana, as well as many other western states, millions of dollars. Ag Biotech's responsibilities, while in operation, were to give seeds to a producer. The producer would then, under contract, produce the seed crop and then give all of the production back to the company that contracted the deal. This is called a bailment contract. **Mr. Peck** announced that, oftentimes, a producer would call the Department of Agriculture and ask if he had any way of insuring that he would have first priority lien rights so he could pay his bank on time. The law stands that he would not be insured, mainly because the written law did not contain the word "bail". **Mr. Peck** asserted that the inclusion of the word "bail" in the written law would insure that the producer would get paid for the work that he had done in producing the seed. **Mr. Peck** noted that this lack of producer security is also being seen in the grain, wheat, and barley industry, especially soft wheat, where a grain has an identity preserve, or a certain company has a patent on a certain strain of seed. He ended by asserting that SB 23 would insure that the producer has a first priority lien. **Mr. Peck** also submitted written testimony, **EXHIBIT**(ags03a02).

Bob Stephens, MT Grain Growers, gave his support for the bill and made mention that the adoption of SB 23 would act as a safeguard on a bailment contract.

Pam Langley, MT Agribusiness Association & Mt Grain Grower Association, emphasized that both organizations she represents are in support of SB 23. She explained that the bill is important because if the grower does not get paid, MT Agribusiness and the MT Elevator Association do not get paid.

Barbara Broberg, WIFE, thanked the other proponents for giving their testimony and also said she was in favor of the bill.

Nancy Schlepp, MFBF, said that she and the organization she represents are in favor of SB 23.

Opponents' Testimony: **None**

Questions from Committee Members and Responses: **None**

Closing by Sponsor:

SEN. EDWARD BUTCHER closed on SB 23.

EXECUTIVE ACTION ON SB 23

Motion/Vote: **SEN. NELSON** moved that **SB 23 DO PASS**. Motion passed unanimously.

HEARING ON SB 27

Sponsor: **SEN. ROYAL JOHNSON, SD 5, BILLINGS**

Proponents: **Ralph Peck, Director, MT Dept. of Agriculture**
 Bob Stephens, MT Grain Growers
 Pam Langley, MT Agribusiness Association
 MT Grain Grower Association
 Barbara Broberg, WIFE
 Nancy Schlepp, MFBF

Opponents: **None**

Opening Statement by Sponsor:

SEN. ROYAL JOHNSON, SD 5, BILLINGS, Submitted written testimony, **EXHIBIT**(ags03a03) .

Proponents' Testimony:

Ralph Peck, Director, MT Dept. of Agriculture, announced he stands in full support of SB 27.

Bob Stephens, MT Grain Growers, announced he stands in full support of SB 27.

Nancy Schlepp, MFBF, said that the MFBF specifically put language into their policy books to compliment the noxious weed precedent that would be made in carrying SB 27.

Opponents' Testimony: **None**

Questions from Committee Members and Responses:

SEN. MAHLUM asked **Mr. Peck** to clarify if the interest off the \$2.5 million of already-allotted funds could be used for the noxious weed fund. **Mr. Peck** announced the funding had been raised to a \$10 million cap and that the interest accrued could be spent but not the corpus of the trust.

SEN. MAHLUM further asked **Mr. Peck** how the fund could be raised to the \$10 million cap if currently they had only accrued a principle amount of \$4 million and were limited to spend only accrued interest. **Mr. Peck** answered that the fund could be raised by innovative people, such as the people who make up the agriculture committee. He also mentioned that funds could be transferred from the RAT to the noxious weed fund. In addition, funding often comes from other organizations who find it important that weeds are controlled.

SEN. TAYLOR asked where the trust money is invested and how much money was designated to each county. **Mr. Peck** answered that each county gets approximately \$6,800 directly from the noxious weed fund from the Department of Agriculture. On top of that, they may also receive \$2 million that they could apply to weed and fire grants. At one time, \$500,000 was allocated from the RAT fund, but the last special session reduced that to \$300,000.

SEN. TAYLOR noted there was a rumor that somebody from agriculture said that if they couldn't cut the budget in special session, they would have taken the money from the RAT fund. **Mr. Peck** responded by saying that there was a "meeting of the minds" that indicated \$500,000 had actually been used on the RAT fund. That discussion occurred with the budget director. The ultimate decision, however, was to decrease the budget by \$200,000.

SEN. HANSEN asked how the department of agriculture determines how the money should be divided up. **Mr. Peck** explained that the money is divided among the counties and the tribes. Money comes from the interest off the trust fund and also from the \$1.50 fee per vehicle when citizens license their vehicles. Each county writes up a page report that describes how the noxious weed money is to be used. That is how the \$6,800 grants are determined. By statute, the \$300,000 RAT funds are distributed to the counties according to need. There is a board that recommends the use of the funds and it is competitive according to the proposals that come in for wheat groups in every county. The proposal should contain research about the area as well as notification if the area contains any federal land. Decisions are made on a competitive basis where those counties with more need take precedence over those with less need. Proposals also go through EIS of Montana for an environmental assessment.

SEN. MAHLUM asked what would happen if the county doesn't use the funding for weed control. **Mr. Peck** responded by asserting that the giving of the funds makes a contract, so it is asked that the county complies as well as the county commissioners concur. There is also limited staff that goes to each county to try to make sure the money is being used for the right purpose.

Closing by Sponsor:

SEN. ROYAL JOHNSON, SD 5, BILLINGS closed on SB 27.

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EXECUTIVE ACTION ON SB 27

Motion/Vote: **SEN. NELSON** moved that **SB 27 DO PASS**. Motion carried unanimously.

ADJOURNMENT

Adjournment: 3:40 P.M.

SEN. KEITH BALES, Chairman

JENNIFER STEPHENS, Secretary

KB/JS

EXHIBIT (ags03aad)